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Second country cooperation framework for Mexico (2002-2005)

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Introduction

1. This second country cooperation framework for Mexico (2002-2005) was prepared following consultations with government offices responsible for implementing the current projects, with officials negotiating new aspects of cooperation and with United Nations specialized agencies. The process built on the Government's commitment to sustainable development, in accordance with guiding objective No. 5 of the National Development Plan 2001-2006.

2. The programme areas of the previous period will be maintained in this cooperation framework. Special emphasis will be placed on aspects of interest to the new Government and the UNDP institutional programme.

I. Development situation from a sustainable human development perspective

A. Political context

3. The elections held in 2000 marked a turning point in the history of the country. The National Action Party (PAN) took over from the Institutional Revolutionary Party (PRI), which had been in power for 71 years, and also assumed control of the Presidency of the Republic. In these circumstances, the democratic transition is making it possible to gain knowledge that will no doubt lead to benefits in the short and medium term: there is a legitimate executive branch which is extremely open to dialogue with the legislative branch, notwithstanding the fact that its party does not hold a majority in Congress. The legislative branch is gaining power and is willing to negotiate and form alliances to move bills ahead, as no party holds an absolute majority. The judicial branch, too, has real and growing importance, and has resolutely undertaken to administer justice with full respect for human rights. There is pluralism and an alternation of power in the state administrations and legislatures, and in municipal government. The media is increasingly critical. The Governor of Mexico City, which has 10 per cent of the country's total population, is a member of an opposition party.

4. The strengthened Federal Electoral Institute played a decisive role in ensuring that the 2000 elections went smoothly. However, state electoral councils are still weak.

5. One as yet unfinished aspect which is very much discussed concerns reform of the State, which will make it possible, once the transition is completed, to have an efficient and effective political system, a legislative branch that is ready to deliberate and make decisions and a judicial branch which does away with impunity, uncertainty and improvisation.

B. Economic and social context

6. For over 25 years Mexico has experienced macroeconomic instability. High inflation and serious imbalances in the external sector have given rise to recurrent economic crises, with unsatisfactory economic growth rates and insufficient job creation. Consequently, the income and well-being of the majority have risen only marginally, and in many cases have stagnated or declined. Despite the efforts made and some successes, regional and sectoral imbalances persist, and the problems of poverty and marginalization have worsened.

7. With the Mexican economy facing numerous problems and difficulties, both structural and cyclical, there are two major challenges that demand urgent attention because of their economic significance, and their social and political importance. The economy must grow in a sustained, stable and more accelerated manner so as to provide productive jobs for a fast growing population, and the inequality between those groups that are better off and those that are disadvantaged must be reduced.

8. According to the *Human Development Report 2001* published by UNDP, Mexico ranks 51st out of 162 countries, with a human development index of 0.790. It is classified among the medium human development countries, with a per capita gross domestic product of $8,297. In 2000, the economic growth rate (6.9%) was the highest in nearly 20 years, and surpassed the official target (4.5%); nonetheless, in 2001, it declined markedly (0.3%). This was attributable to external factors, including the economic slowdown in the United States and the impact of the attacks of 11 September, as well as internal factors, in particular the lack of agreement between the branches of government concerning structural reforms in four areas of national interest: public finances, State

administration, energy and labour matters. In these circumstances of economic uncertainty, the Federal Government cut back its budget. The Bank of Mexico is forecasting an inflation rate of 4.5% and an economic growth rate of 1.5% for 2002.

C. Environmental context

9. Mexico, which ranks fourth among the world's megadiverse countries, currently has 127 protected natural areas covering some 17,056,606 hectares. From 1995 to August 2001, the percentage of the national territory assigned as protected areas increased from 8 per cent to 16.3 per cent. However, prevailing land-use patterns are threatening the ecosystems and depleting the natural resource base. In recent decades the area used for agriculture has increased by 40 per cent (of which 15 per cent is used for livestock breeding), and there has been a severe loss of forest lands, estimated at between 1 per cent and 2 per cent per year, or 500,000 to 700,000 hectares. Deforestation ultimately and tragically leads to desertification.

10. This has led to an environmental crisis, which is being tackled by the National Development Plan 2001-2006. According to the Plan the only way to ensure quality growth is to give responsible consideration to the necessary interaction between economic and social issues, on the one hand, and the environment and natural resources on the other.

11. The management strategies contained in the Environment Programme 2001-2006 are: to develop and consolidate the natural resource management systems, to ensure participation and shared social responsibility and to promote the decentralization of the management and administration of such resources to the benefit of states and municipalities; and to initiate the National Crusade for Forests and Water and to recognize the importance of Agenda 21 as a guide for the commitments undertaken by Mexico with the international community and as a reference for environmental action within the country.

II. Results and lessons of past cooperation

12. Among the main achievements of the first cooperation framework (1997-2001) is the experience gained by national institutions in conducting negotiations with various bilateral and multilateral donors. It was also very beneficial to establish relations with various public, private and social sectors and to carry out decentralization programmes that empowered states and even municipalities. The main achievements of the four programmes implemented during this period are outlined below.

A. Programme of support for the anti-poverty campaign

13. To combat poverty, a strategy of support for public institutions, the private sector and civil society organizations was applied, emphasizing programmes for the integration of chains of production (in particular at micro-enterprises and at small and medium-sized enterprises); income enhancement and job improvement; promotion of local development; and credit access for people with low incomes.

14. In 2001, production integration projects which were started in 1997 and 1998 were completed. In various states of the country, this resulted in the creation of business networks and service centres through the establishment of strategic alliances.

15. In nine states of the west-central region, an intensive campaign was conducted to disseminate methodologies and know-how for integrating local small-scale industries in competitive chains of production, as they can play a key role in poverty reduction and local development strategies. The technical support tool was a Manual on integration in production, which provides systematic operational methodologies and training material for the relevant social partners.

16. The ground was prepared also for the implementation of large-scale programmes for the integration of small rural producers in chains of production, by establishing a policy dialogue with the Trust Fund for Agriculture (FIRA).

B. Programme of support for environmental development policy

17. The main accomplishment achieved by establishing a Support Unit, in what was then known as the Ministry of the Environment, Natural Resources and Fishing, to draft and deal with proposals before the

Global Environment Facility (GEF) was that the project portfolio increased from $504,000, in 1997, to $29.9 million. The Unit also played an important role in formulating the National Environment Strategy, an overall framework for projects to be implemented with funding from GEF.

18. Another important and innovative achievement was the provision of technical assistance to the administration of Mexico City, which led to the inclusion in its long-term policies of the use of hydrogen for public transport, the drafting of a pilot project with GEF financing, and substantive cooperation between Government departments and private manufacturing companies.

19. The mobilization in the period from 1997 to 2001 of $17 million from the Multilateral Fund for the Implementation of the Montreal Protocol, administered by UNDP, was of great importance. It provided 100 Mexican companies with expert international advice as they adopted non-polluting refrigeration, insulating foam and construction and floor panel technology.

20. Another aspect was the methodological and technical support for alternative sustainable development projects in Maya communities in the Yucatan peninsula, which was funded by the GEF Small Grants Programme for civil society organizations and the United Nations Foundation, Inc.

21. Mexico participates in the Meso-American Corridor Regional Project through a project in the south-east of the country. In both this and a project funded by Capacity 21 for the strengthening of civil society, participatory methods were used for the drafting and implementation of actions taken at the state and municipal level and for their follow-up.

C. Programme of support for decentralization in the framework of the new federalism

1. Support for the elections

22. The results of the 1997 and 2000 elections were accepted and recognized as legitimate both within the country and outside. The cooperation between UNDP and the Electoral Assistance Division of the United Nations Secretariat established a sense of trust and a means for participation by citizens in election monitoring processes.

23. Another achievement was the strengthening of the Federal Electoral Tribunal and the Federal Electoral Institute, which helped to establish both bodies as autonomous institutions, independent of the executive and legislative branches. It helped ensure increasing acceptance of the results of the elections and prompted interest among other countries in horizontal electoral cooperation.

2. Human rights

24. In December 2000, the Government and the Office of the United Nations High Commissioner for Human Rights signed an agreement on the first phase of the "Technical Cooperation in the Field of Human Rights" project, with the administrative and technical assistance of UNDP. The activities included: workshops on torture and dissemination of human rights, in particular among indigenous groups; identification of the need to strengthen the National Human Rights Commission; and the selection of projects for a second phase.

3. Indigenous populations

25. The National Institute of Indigenous Affairs, with support from UNDP, prepared various studies on employment, economic and social development and indigenous migration, which provided basic information to government bodies, universities, indigenous organizations and researchers. It also prompted the establishment of 28 regional information and documentation centres for indigenous affairs.

26. In the south-east, with funding from the Swiss Government training was provided for human rights workers, with a special emphasis on the defence of the rights of Mayan boys, girls and women.

4. The gender perspective

27. The link between poverty reduction and the gender approach was highlighted through a strategic partnership with Nacional Financiera's comprehensive programme for microenterprises, which promotes horizontal networking of small enterprises supported with UNDP training and methodology, mainly for the benefit of women. In addition, the basis was established for strengthening the National Women's Institute, in particular in respect of domestic violence.

D. Programme of support for the development and consolidation of Mexico's cooperation policy

28. The main achievement in this area was the creation, in 1998, of the Mexican Institute for International Cooperation (IMEXCI). Recently, a project on updating and consolidating the Mexican cooperation for development strategy with emphasis on technical cooperation between developing countries in the twenty-first century was implemented, with funding from UNDP. Its aim is to strengthen IMEXCI and enhance the ability to coordinate demand for and promote the supply of technical cooperation. Fourteen years of UNDP cooperation implemented through 11 projects will continue to produce results in a sustained and autonomous manner.

III. Objectives, thematic areas and expected results

29. In order to ensure the continuity of long-term activities begun during the previous period, the following thematic areas will be maintained in the cooperation framework 2002-2005:

A. Poverty reduction using support for microenterprises and small and medium-sized enterprises

30. The objective of this thematic area is to combat poverty by strengthening small production units in various states. The main areas correspond with those of interest to UNDP: integration in production and microfinancing, with a view to: (a) building institutional capacity at the federal and state level through microenterprise and small and medium-sized enterprise networking and microfinancing, and (b) strengthening the institutional capacity of the Department of Small and Medium-sized Enterprises of the Ministry of Economic Affairs, the Department of Economic Relations and International Cooperation of Nacional Financiera and FIRA, and their respective state branches, so as to carry out large-scale programmes in support of production chains in urban and rural areas.

31. In respect of integration in production, the expected results are: development of suppliers; design of development programmes and tools; human resources training using distance learning; and establishment of centres linking small production units. It is also hoped that institutional capacity will be strengthened so as to promote a rural microfinancing industry and stimulate national microfinancing institutions.

B. Application of environmental policy

32. The objective in this thematic area is to support the Government's policy of conservation and protection of the environment by promoting sustainable use of natural resources. In addition, the ability of the respective authorities to fulfil their international commitments will be developed, making maximum use of the financing available.

1. Strengthening participation in sustainable development programmes

33. Funding from UNDP/GEF is being used to support the design of the 25-year Green Plan for Mexico, with the participation of important environmental management institutions, under the technical leadership of the Ministry of the Environment and Natural Resources (SEMARNAT). The purpose of the Plan is to introduce sustainable development planning and application procedures in Government ministries.

34. With the support of Capacity 21, cooperation will continue with SEMARNAT so as to strengthen the capacity of civil society and ensure that it participates in the design and implementation of local sustainable development projects, and in order to facilitate the work of the advisory councils. The capacity of the National Commission on Biosafety and Genetically Modified Organisms will be strengthened in application of the Cartagena Protocol on Biosafety, and negotiations will be held on, inter alia water management measures, conservation of wild species and protection of genetic resources.

2. Forests and biological diversity

35. UNDP will strengthen best practices in respect of the management of protected natural areas and the implementation of a sustainable development policy for forest areas, with integrated and decentralized management of ecosystems. The main thrusts of these

activities are two far-reaching projects funded by GEF ("Integrated ecosystem management in three priority ecoregions" and "Biodiversity conservation in the Sierra Gorda Biosphere Reserve"). The former will promote sustainable regional development in three priority regions of the states of Oaxaca, Puebla and Veracruz, supporting regional funds financed by GEF. The latter is a pilot project on decentralized and sustainable management in a biosphere reserve. Both projects establish means for decentralized work that will involve local communities and the public and private sectors at the federal, state and local levels.

36. In the Yucatán peninsula, support for Mayan communities will continue through participatory sustainable production and biodiversity conservation projects, so as to raise living standards in accordance with the main lines of the GEF Small Grants Programme and the United Nations Foundation, Inc.

37. Other areas for future projects include: ecotourism, green markets, components of agrarian biodiversity and participatory research in forest fire prevention.

3. Sustainable energy and transport

38. This area includes initiatives likely to be financed by UNDP/GEF for energy self-sufficiency and environmental protection. One, involving, sustainable transport, already has a demonstration programme featuring a fleet of hydrogen-fuelled buses, a key factor for non-polluting mass transit in the country's main cities. Another involves the use of the GEF special fund for alternative sustainable energy sources: biomass, photovoltaic solar energy and wind energy. This initiative will have international repercussions, as it includes pilot plans for connection with the electric grids of the countries of the region and trials of turbines and wind generators.

4. Protection of the ozone layer

39. To complement the programme on protection of the ozone layer, some four million dollars in additional funding is to be provided by the Multilateral Fund under the Montreal Protocol to extend activities related to halons and methyl bromides and to fulfil the commitment regarding the elimination of 90 per cent of chlorofluorocarbons from foam manufacturing processes.

C. Strengthening democratic culture

40. The objective in this area is to help the citizenry exercise its rights and duties within the framework of the National Development Plan 2001-2006 and includes: democratic participation, respect for human rights, attention to vulnerable groups in indigenous communities and the elimination of discrimination and violence against women.

41. Democratic participation and electoral institutions will be strengthened in the states of Chiapas, Morelos and Guerrero, and there are plans to extend this programme to other states and to apply it in the 2003 federal elections. UNDP will also provide theoretical and practical inputs for the national debate on democratic culture among political parties, the Government and civil society. It will contribute to the new democratic governance and to the understanding and discussion of democratic transition in other parts of the world.

42. During the second phase of the human rights cooperation project, the departments working in this area will continue to receive support through training relating to torture, human rights, access to justice and the defence of indigenous rights. An analysis of the obstacles to fulfilment of the country's human rights commitments will be conducted and the National Human Rights Commission will be strengthened.

43. In respect of indigenous groups, cooperation will continue with the National Institute of Indigenous Affairs, with the aim of consolidating a qualitative and quantitative information base for planning and implementing institutional activities, defining government policies and programmes, supporting initiatives of indigenous organizations and communities and raising the awareness of the non-indigenous population regarding the country's multiethnic and multicultural nature.

44. In addition, support will be given to the National Women's Institute, with a view to incorporating the gender perspective into public policies and including concepts of gender equality, including domestic violence prevention, in the government programmes of nine states.

45. The first Human Development Report for Mexico is now being prepared in order to provide relevant information about human development at the national and state level and to make international comparisons

possible. This information is key to defining public policy, making decisions and earmarking financial resources.

D. Promotion and strengthening of South-South cooperation

46. In the ongoing globalization process, international cooperation is a fundamental means of exchanging experience, knowledge and technology for the implementation of national development policies. The successes achieved and lessons learned during the previous phase, particularly in respect of democracy (election monitoring) and the strengthening of the productive and environmental sectors, will be shared internationally.

IV. Management arrangements

47. The overall monitoring of the programme agreed on for the cooperation framework 2002-2005 will be carried out jointly by the Mexican Institute for International Cooperation/Ministry of Foreign Affairs (IMEXCI/MFA) and UNDP, while responsibility managing the projects will be with the executing agencies.

A. Management

48. UNDP, together with IMEXCI/MFA and the executing agencies, will continue to see to it that the use of financial resources, recruitment of staff and procurement of material take place promptly, flexibly and transparently. They will monitor the selection and recruitment of specialized technical assistance services, jointly manage projects with counterparts from government, civil society and the private sector, and manage and administer the resources of third parties. Priority will be given to projects that promote synergy and inter-agency activities as part of Government strategic plans and/or projects on cross-cutting themes such as those addressing the environment, gender and human rights.

B. Monitoring and progress reports

49. Projects will continue to be entered into a database for ongoing monitoring and evaluation, with qualitative and quantitative performance indicators. It will thus be possible to determine to what extent UNDP support contributes to the achievement of national objectives, to evaluate the sustainability of the programmes and to highlight their effects. Use will be made, as appropriate, of the technical support of specialized agencies of the United Nations system in Mexico, and of any synergies with bilateral cooperation activities. Periodic meetings will be held between IMEXCI/MFA and UNDP to monitor progress, solve problems, redefine lines of action, assess the feasibility of replicating experiences and determine additional sources of support.

C. Resource mobilization

50. As UNDP resources are becoming increasingly limited for medium human development countries, IMEXCI/MFA and UNDP will draw up a strategy for mobilizing bilateral and multilateral international resources and for public and private national institutions.

Annex

Resource mobilization targets for Mexico (2002-2005)

Source	Amount (In thousands of United States dollars)	Comments
UNDP core funds		
Estimated carry-over	2 107	Resources already committed for projects being implemented.
TRAC 1.1.1	994	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	0	
SPPD/STS	54	
Subtotal	**3 155***	
Non-core funds		
Government cost-sharing	44 975	
Funds, trust funds and other	71 664	
	comprising:	
GEF	58 711	
Montreal Protocol	4 053	
Special Climate Change Fund	8 900	
Third party cost-sharing	587	
Subtotal	**117 226**	
Total	**120 381**	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations:
GEF = Global Environment Facility
SPPD = support for policy and programme development
STS = support for technical services
TRAC = target for resource assignment from the core